



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

April 17, 2012

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a report on the Governor's FY 2012-13 Proposed Budget; pursuits of County positions on legislation related to: 1) workers' compensation, 2) electronic filing of the Statement of Economic Interest (Form 700), and 3) Safety Net Care Pool funding; an update on County-sponsored legislation regarding administrative support for oversight board meetings; and a report on County-advocacy legislation regarding the Los Angeles River.

State Budget Update

Last week budget subcommittees in the Assembly and Senate convened hearings on the Governor's FY 2012-13 Proposed Budget. The committees heard testimony on the following items of interest to the County.

In-Home Supportive Services

On April 11, 2012, the Assembly Budget Subcommittee No. 1 on Health and Human Services convened to consider reductions to the In-Home Supportive Services (IHSS) Program, among other issues.

The actions taken by the Subcommittee include the following:

- 1) Voted 3 to 1 to reject the IHSS Trailer Bill language to define the criteria for pre-approval of exceptions to the 20 percent trigger reduction in IHSS hours. The Administration's proposed language provided additional detail to statutory

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

provisions in the enacted FY 2011-12 State Budget. Additionally, as previously reported, implementation of the 20 percent trigger reduction scheduled to take effect on January 1, 2012 has been blocked by a Federal district court judge. This action conforms to action taken by the Senate Budget Subcommittee No. 3 on Health and Human Services on March 15, 2012.

- 2) Voted 3 to 1 to reject the proposal to eliminate IHSS domestic and related services to persons living in shared living arrangements and minors living with an able and available parent. Specifically, concerns were raised around consumer impact and Federal restrictions that would inhibit this kind of policy from taking effect if it were adopted, as raised by the Legislative Analyst Office.

The Subcommittee held open the remaining IHSS proposals and other issues, until after the May Budget Revision is released.

Community Treatment Facilities

On April 12, 2012, the Senate Budget and Fiscal Review Subcommittee No. 3 on Health and Human Services heard testimony on the Governor's Budget proposal to eliminate \$750,000 in State funds for Community Treatment Facilities (CTFs). California has three CTFs, two of which are in Los Angeles County: Starview Adolescent Center and Vista del Mar. Since the closure of Metropolitan State Hospital in 2007, these CTFs now provide the highest level of care and offer the only secure, locked treatment setting in California. The CTFs provide intensive treatment for children in the child welfare system who have severe mental health problems, and who have failed placements in other foster care settings. Currently, there are 64 children, 55 of whom are from Los Angeles County, who reside in these two facilities.

This office is working with the affected departments to assess the impact of this proposal to the County. The Subcommittee held this item open until after the May Budget Revision is released.

Pursuit of County Position on Legislation

AB 1687 (Fong), which as amended March 12, 2012, would authorize the Workers' Compensation Appeals Board (WCAB) to award attorney's fees when an injured worker receiving medical treatment on a future medical award is successful at overturning a utilization review decision.

Existing law establishes a workers' compensation system to compensate an employee for injuries sustained in the course of his or her employment. Every employer is required to establish a utilization review process, either directly or through its insurer, a third party, or on their own for the purpose of reviewing and approving, modifying, delaying, or denying treatment recommendations made by physicians for injured workers. If an employer unreasonably denies medical treatment to an injured worker, current law provides for the awarding of penalties and attorney fees incurred in enforcing the payment of compensation awarded.

The Chief Executive Office Risk Management Branch (CEO-RMB) indicates that AB 1687 would increase local government costs by encouraging the involvement of attorneys in the administrative process established in SB 228 (Chapter 639, Statutes of 2003). Further, the current administrative review process is equitable, utilizing qualified, independent medical evaluators to ensure that the employee receives appropriate and necessary medical care that is consistent with medically approved guidelines. Although difficult to quantify, CEO-RMB estimates that annual administrative and litigation costs to the County could reach several hundred thousand dollars per year as a result of attorneys filing protests to each utilization review decision. CEO-RMB also indicates that AB 1687 would erode the FY 2003-04 workers' compensation reforms which resulted in County savings in FY 2004-05 of \$46.0 million.

Therefore, consistent with existing Board policies to oppose legislation that: 1) mandates or authorizes compensation or benefit changes without approval of the Board of Supervisors, and 2) erodes the medical reforms accomplished by the FY 2003-04 session workers' compensation reform legislation, **the Sacramento advocates will oppose AB 1687.**

AB 1687 is sponsored by the California Professional Firefighters Association. The bill is opposed by the California State Association of Counties, the League of Cities, the Regional Council of Rural Counties; the Alpha Fund, the California Special Districts, and the California Coalition on Workers' Compensation.

AB 1687 is scheduled for a hearing in the Assembly Insurance Committee on April 18, 2012.

AB 2062 (Davis), which as introduced on February 23, 2012, would permit all filers of the Statement of Economic Interest (Form 700) to submit the statements electronically in accordance with the Fair Political Practices Commission (FPPC) regulations. AB 2092 is an urgency measure and would be effective immediately if passed by the Legislature and signed by the Governor.

As instructed by your Board on December 4, 2007, the County co-sponsored AB 2607 (Davis) (Chapter 498, Statutes of 2008) which established a three-year pilot to permit filers of the Form 700 to file their statements electronically. The bill established pilots in Los Angeles, Orange, Santa Clara, and Ventura counties and the City of Long Beach and is scheduled to expire on December 31, 2012.

AB 2062 would allow entities statewide to electronically file the Form 700. According to the Executive Office of the Board, the County filing officer for Statements of Economic Interests (Form 700), AB 2062 would allow the department to continue to utilize the system it developed in-house to receive electronically filed forms. The Executive Office indicates the system has proven to be successful and cost-effective. During the three-year pilot, unlike previous years, the Executive Office required no overtime hours and reduced its use of temporary employee time on Form 700-related activities to achieve an annual savings of approximately \$60,000 against a start-up cost of approximately \$101,000.

Additionally, AB 2062 would authorize the FPPC to conduct discretionary audits of an agency's electronic filing system. A city or county that developed an electronic filing system pursuant to the AB 2607 pilot program would be authorized to continue to use that system pending the development and release of regulations by the FPPC. The Executive Office indicates that the County's existing electronic filing system already meets the performance and compliance requirements contained in AB 2062, and anticipates that the FPPC will approve and certify the County's existing system expeditiously.

The Executive Office of the Board and this office support AB 2062 because the bill would preserve the investment already made in its electronic filing system, minimize data errors and assure continued savings in staff time associated with the electronic submission of Form 700. Therefore, consistent with the Board action of December 4, 2007 and existing Board policy to seek and support legislation to allow any filing officer to accept electronic filing of the Statement of Economic Interest (Form 700) in lieu of a paper form, **the Sacramento advocates will support AB 2062.**

AB 2062 is sponsored by the California Association of Clerks and Election Officials and is supported by Common Cause. Currently, there is no opposition on file.

AB 2062 is scheduled for a hearing in the Assembly Elections and Redistricting Committee on April 17, 2012.

AB 2096 (V. Pérez), which as introduced on February 23, 2012, would allow non-designated public hospitals to submit claims to receive reimbursement from the Safety Net Care Pool (SNCP) fund.

Welfare and Institutions Code Section 17000 requires county-owned public hospitals to accept and provide care for all patients regardless of their ability to pay. In addition to basic health care, public hospitals provide highly specialized care that is not available at other facilities including; trauma and burn care, neo-natal care, and treatment for brain and spinal cord injuries. Providing this level of care is a significant financial burden to public hospitals. The SNCP provides partial reimbursement to public hospitals for the uncompensated costs for providing health care for uninsured individuals.

California's hospital system includes non-designated public hospitals. While these facilities provide important services in their communities, they do not share the Section 17000 obligation of the designated public hospitals to accept and provide care for all individuals.

AB 2096 would allow non-designated public hospitals to receive SNCP funding. The bill would limit the availability of critical funding for County-owned public hospitals as they prepare to expand coverage for the uninsured in preparation for the implementation of health care reform in January 2014.

The availability of SNCP funds is vital to maintaining the County's mission of providing high-quality health care services to our most needy and vulnerable residents. The Department of Health Services (DHS) indicates that AB 2096 could result in a County loss of up to \$50.0 million per year equivalent to 80,000 outpatient visits annually. DHS recommends an oppose position on AB 2096 and this office concurs. AB 2096 is counter to existing Board policy to support legislation that promotes the fair and equitable distribution of SNCP dollars between public and private hospitals. Therefore, **the Sacramento advocates will oppose AB 2096.**

Currently, there is no registered support on file for AB 2096. The bill is opposed by the California Association of Public Hospitals and Health Systems.

AB 2096 is scheduled for a hearing in the Assembly Health Committee on April 24, 2012.

County-Sponsored Legislation

County Administration of Oversight Board Meetings. As previously reported, this office and the Sacramento advocates were pursuing an amendment to ABX1 26

(Chapter 5, Statutes of 2011), to allow the County to administer and conduct oversight board meetings of successor agencies for former redevelopment agencies and to seek reimbursement for costs incurred for these activities. On February 14, 2012, your Board approved an interim ordinance authority for the Executive Office to undertake administration of oversight board meetings. In addition, at the County's town hall meetings on Redevelopment Dissolution Implementation, held on March 19, 2012 and March 21, 2012, the Executive Office indicated that the Board has instructed it to offer to facilitate oversight board meetings at no cost to the successor agencies for providing these services; **therefore, the Sacramento advocates will no longer seek legislation to allow the County to administer and conduct oversight board meetings of redevelopment successor agencies and to recover reimbursement for this function under ABX1 26.**

Status of County-Advocacy Legislation

County-opposed SB 1201 (De León), which as amended on April 9, 2012, would expand the membership of a newly created Los Angeles River Interagency Access Council and remove liability provisions prescribed in the original bill.

As previously reported, SB 1201 would amend the Flood Control Act to provide for increased public use of navigable waterways under the control of the Los Angeles County Flood Control District (LACFCD) deemed suitable for recreational and educational purposes. SB 1201 would also create a State-level Los Angeles River Interagency Access Council (Council) consisting of a State and local entities that would be responsible for addressing public access to the Los Angeles River and designating areas of the river suitable for public use. Finally, the bill would establish limited immunity from liability for injuries occurring in navigable rivers with unpaved riverbeds.

Amendments to SB 1201 as introduced by the author on April 9, 2012, would do the following: 1) remove the provisions establishing the limited immunity along unpaved riverbeds making the bill silent on the issue of liability; 2) expand membership of the newly created Council to include a member each from the Assembly and the Senate who represent districts through which the Los Angeles River traverses; 3) extend existing law governing the liability of public employees and the conduct of open meetings to the Council; and 4) instruct the Council to seek maximum participation of all parties affected by the Los Angeles River.

According to the Department of Public Works, the amendments do not remove the concerns related to the unnecessary and potentially confusing changes to the Flood Control Act and the redundancy created by the establishment of the Council. The expansion of Council membership and instruction to the Council to maximize

Each Supervisor
April 17, 2012
Page 7

participation of affected parties would further diminish LACFCD authority for projects along the Los Angeles River and create unnecessary duplication of ongoing cooperative planning for river projects. Since the April 9, 2012 amendments do not address the County's concerns with this bill, **the Sacramento advocates will continue to oppose SB 1201.**

SB 1201 passed the Senate Natural Resources and Water Committee by a vote of 5 to 2 on April 10, 2012. The bill is currently awaiting a hearing in the Senate Judiciary Committee.

We will continue to keep you advised.

WTF:RA
MR:IGEA:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants